

NEVADA SECRETARY OF STATE Quarterly Economic & Business Activity Report



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Q4 • 2013

Employment



vs. prior
quarter



vs. prior
year

New Entity Filings



vs. prior
quarter



vs. prior
year

Total List Filings



vs. prior
quarter



vs. prior
year

Unemployment



vs. prior
quarter



vs. prior
year



The Quarterly Economic & Business Activity Report provides a quarterly review and analysis of trends in economic and business activities. It is intended to provide a unique perspective on business investments and market conditions within the State of Nevada. Data contained herein is sourced to the Nevada Secretary of State and other reporting agencies, including the Nevada Department of Employment, Training and Rehabilitation.

New Business Entity Filings Decline in the Fourth Quarter of 2013

Total List Filings Rise During the Period

New Entity Filings *[Leading Indicator]*

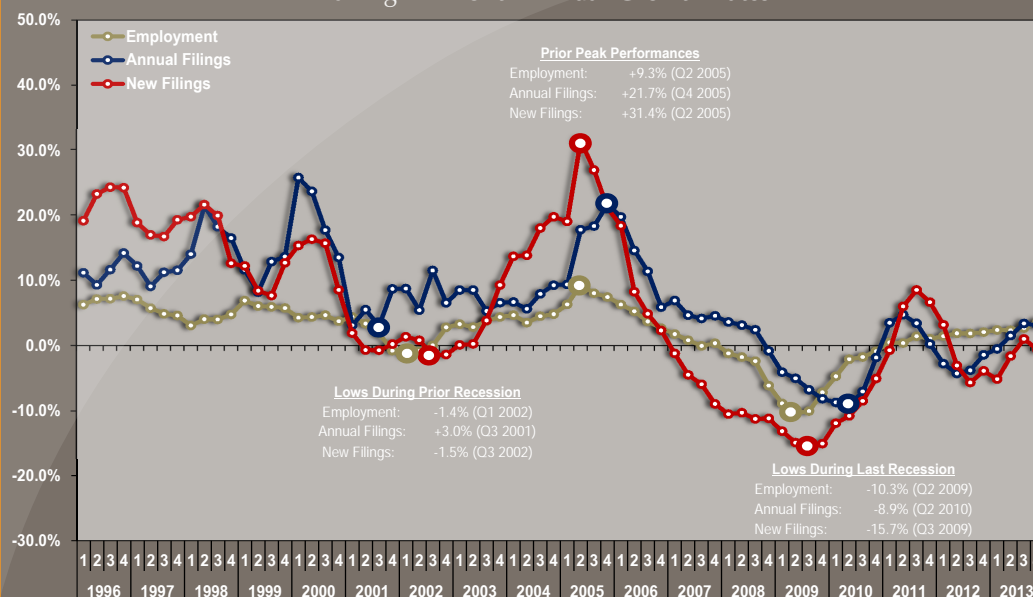
- New entity filings totaled 13,268 in the fourth quarter of 2013. Compared to the prior quarter (Q3 2013), new entity filings declined 4.1 percent, while they are down 3.2 percent from a year ago (Q4 2012). Limited Liability Companies ("LLCs"), which account for two-thirds of new filings, reported a 6.6-percent quarterly decline and a 1.2-percent annual decline.
- Domestic (Nevada) filings reported a 4.1-percent decline when compared to the prior quarter, falling to 12,290, with LLCs down 7.2 percent. Compared to a year ago, domestic filings are down 3.9 percent. Limited Partnerships ("LPs") fell 38.9 percent, Corporations were down 6.3 percent and LLCs fell 1.8 percent from the fourth quarter of 2012.
- Foreign (Non-Nevada) filings totaled 978 in the fourth quarter of 2013, down 3.2 percent from the prior quarter. However, compared to the prior year, foreign filings increased 7.6 percent, primarily due to a 10.3-percent increase in LLC filings and a 4.7-percent increase in Corporation filings.

Total List Filings *[Lagging Indicator]*

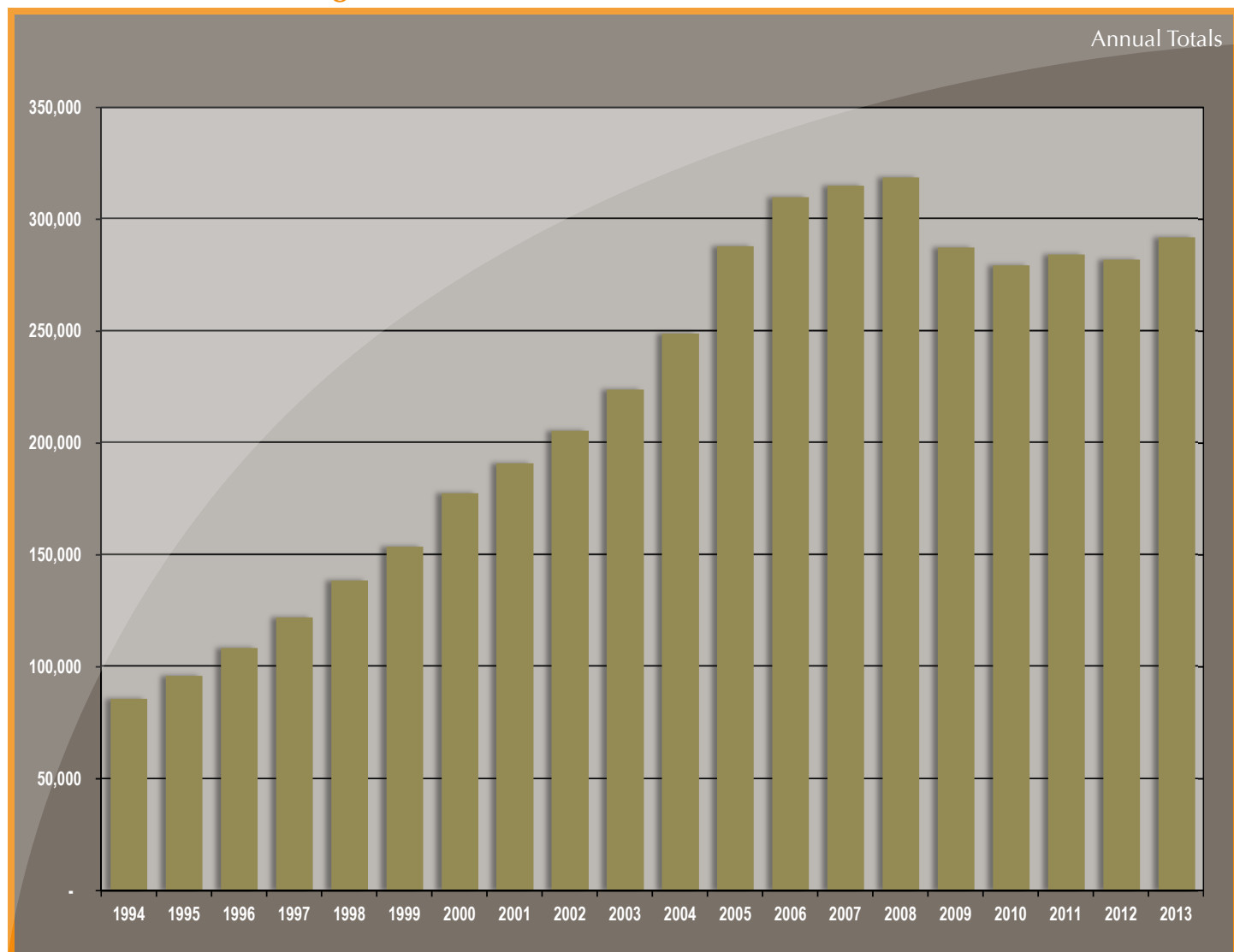
- Initial, annual and amended lists reported quarterly and annual increases in the latest period. During the fourth quarter, there were 74,445 list filings, up 4.6 percent from prior quarter. The latest quarterly growth is attributable to an 11.4-percent increase in LP filings, a 6.7-percent increase in Corporation filings and a 2.3-percent increase in LLC filings. Compared to a year ago, list filings increased 3.8 percent, with Corporation filings up 0.5 percent and LLC filings up 7.8 percent.
- In 2013, there were 296,356 list filings, up 3.1 percent from the prior 12-month period. LLC filings reported an increase of 7.3 percent. However, gains were offset by a 0.5-percent decline in Corporation filings and a 5.8-percent decline in LP filings.
- At the end of 2013, there were 291,721 entities considered to be in "good standing," which represents an increase of 3.5 percent when compared to the end of 2012.

NEVADA EMPLOYMENT AND FILING COMPARATIVE ANALYSIS

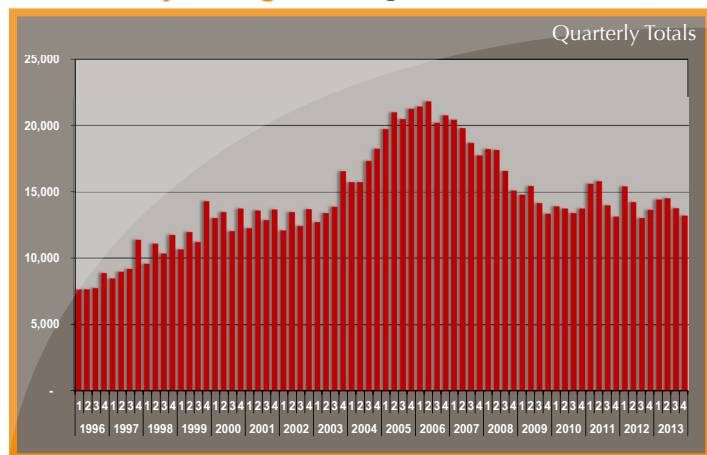
Trailing 12-Month Annual Growth Rates



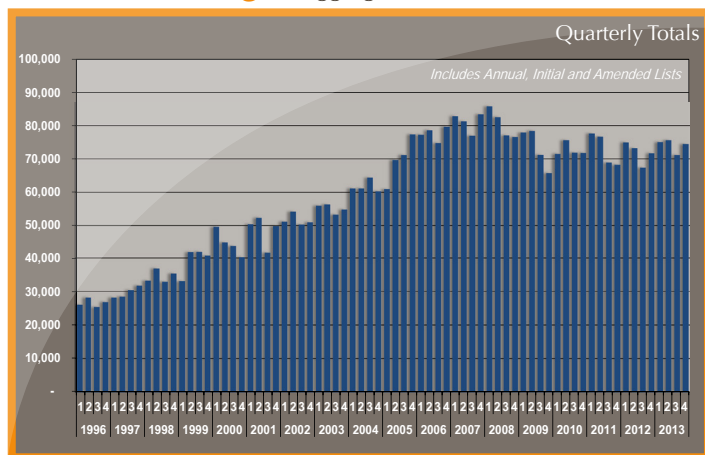
Entities in Good Standing



New Entity Filings [Leading Indicator]



Total List Filings [Lagging Indicator]



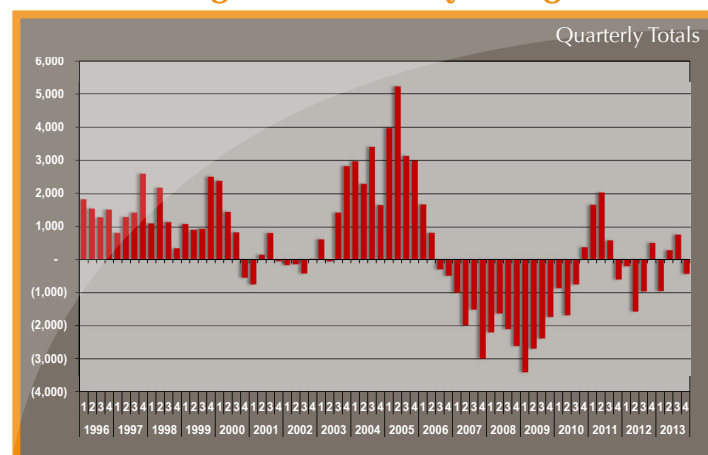
Quarterly Indicators ^[1]

Three Months Ended December 2013

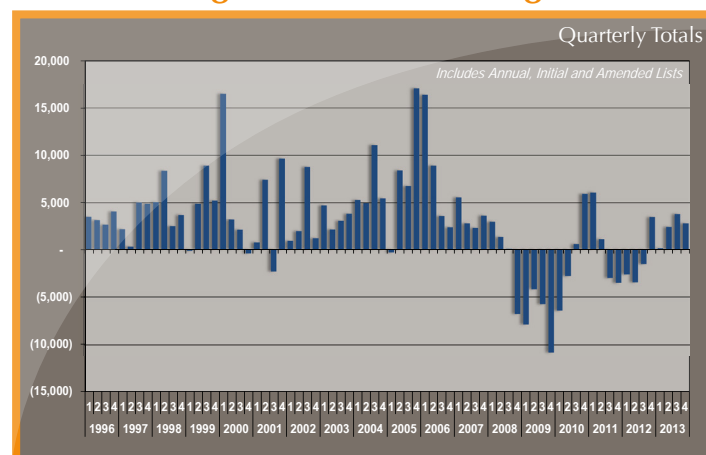
	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	32,837	30,777	2,060	6.7% ▲	32,660	177	0.5% ▲
Limited Partnerships	3,401	3,053	348	11.4% ▲	3,616	(215)	-5.9% ▼
Limited Liability Companies	37,994	37,142	852	2.3% ▲	35,255	2,739	7.8% ▲
Limited Liability Partnerships and Business Trusts	213	211	2	0.9% ▲	197	16	8.1% ▲
TOTAL	74,445	71,183	3,262	4.6% ▲	71,728	2,717	3.8% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	3,781	3,673	108	2.9% ▲	4,035	(254)	-6.3% ▼
Limited Partnerships	135	123	12	9.8% ▲	221	(86)	-38.9% ▼
Limited Liability Companies	8,353	8,999	(646)	-7.2% ▼	8,508	(155)	-1.8% ▼
Limited Liability Partnerships and Business Trusts	21	25	(4)	-16.0% ▼	31	(10)	-32.3% ▼
TOTAL	12,290	12,820	(530)	-4.1% ▼	12,795	(505)	-3.9% ▼
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	446	499	(53)	-10.6% ▼	426	20	4.7% ▲
Limited Partnerships	19	24	(5)	-20.8% ▼	21	(2)	-9.5% ▼
Limited Liability Companies	502	483	19	3.9% ▲	455	47	10.3% ▲
Limited Liability Partnerships and Business Trusts	11	4	7	175.0% ▲	7	4	57.1% ▲
TOTAL	978	1,010	(32)	-3.2% ▼	909	69	7.6% ▲
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	4,227	4,172	55	1.3% ▲	4,461	(234)	-5.2% ▼
Limited Partnerships	154	147	7	4.8% ▲	242	(88)	-36.4% ▼
Limited Liability Companies	8,855	9,482	(627)	-6.6% ▼	8,963	(108)	-1.2% ▼
Limited Liability Partnerships and Business Trusts	32	29	3	10.3% ▲	38	(6)	-15.8% ▼
TOTAL	13,268	13,830	(562)	-4.1% ▼	13,704	(436)	-3.2% ▼
KEY ECONOMIC INDICATORS							
Employment [4]	1,203,100	1,184,700	18,400	1.6% ▲	1,160,500	42,600	3.7% ▲
Unemployment [4]	8.7%	9.5%	-0.8%	- ▼	10.7%	-2.0%	- ▼
Initial Jobless Claims	47,000	42,654	4,346	10.2% ▲	60,240	(13,240)	-22.0% ▼
Bankruptcies - Chapter 7 [5]	1,950	2,147	(197)	-9.2% ▼	2,342	(392)	-16.7% ▼
Bankruptcies - Chapter 11 [5]	39	38	1	2.6% ▲	49	(10)	-20.4% ▼
Bankruptcies - Chapter 13 [5]	355	404	(49)	-12.1% ▼	449	(94)	-20.9% ▼

[1] Indicator values reflect three month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 3-months ending December 2013.

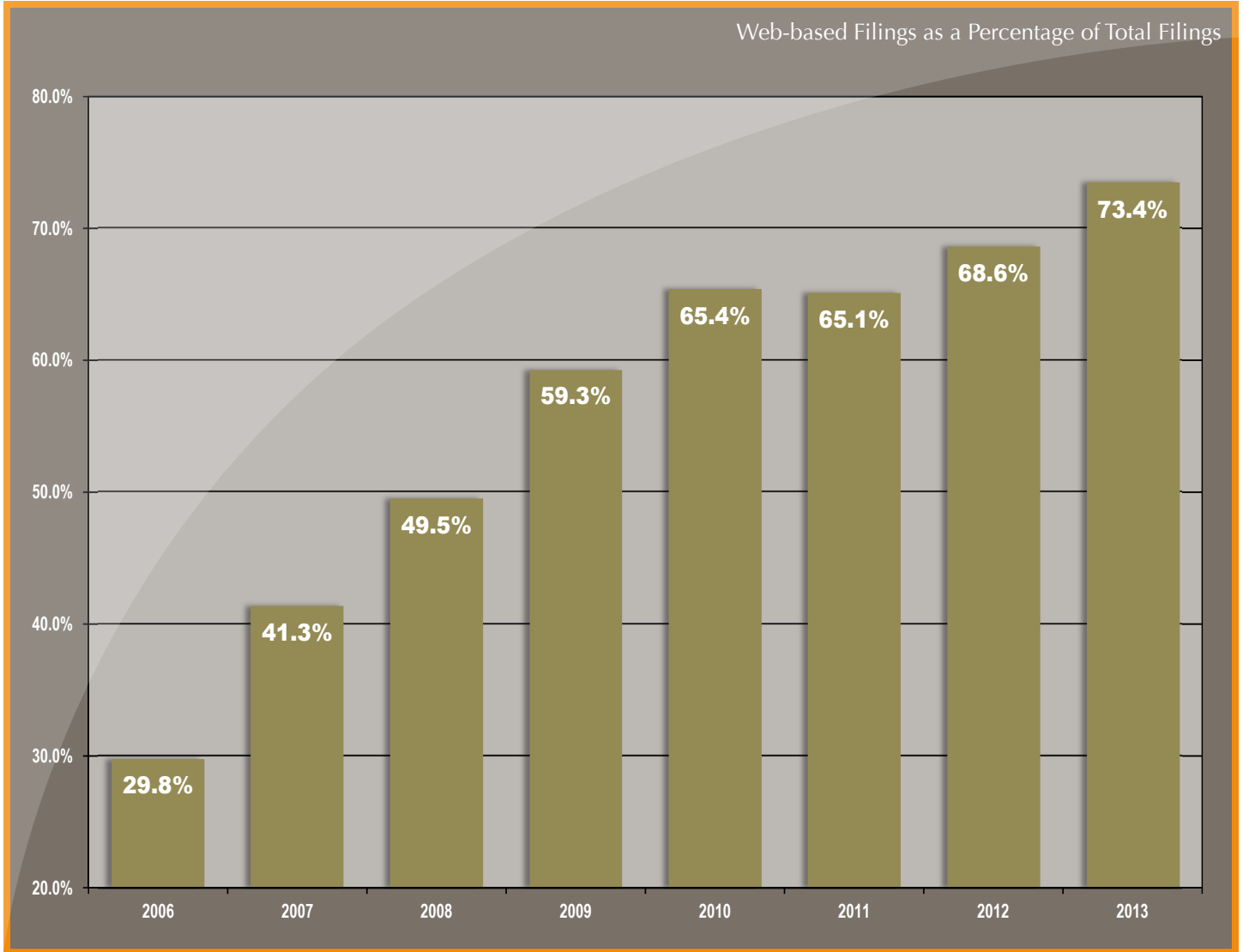
Annual Change in New Entity Filings



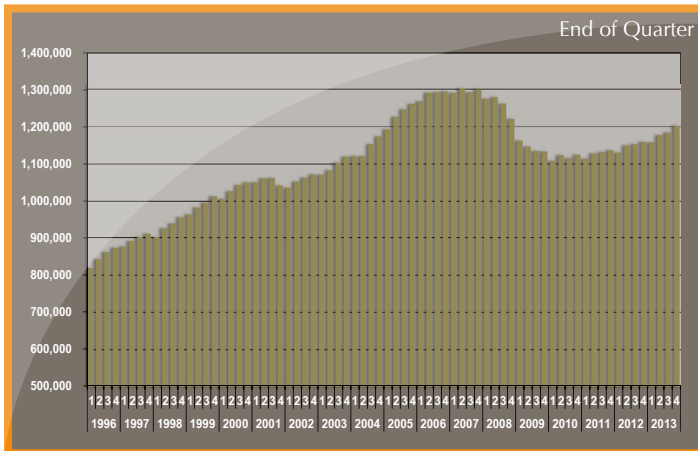
Annual Change in Total List Filings



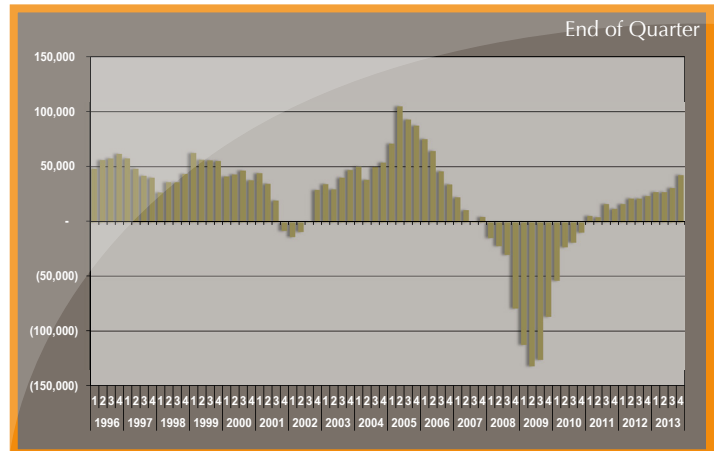
On-line Filing Utilization



Employment



Annual Change in Employment



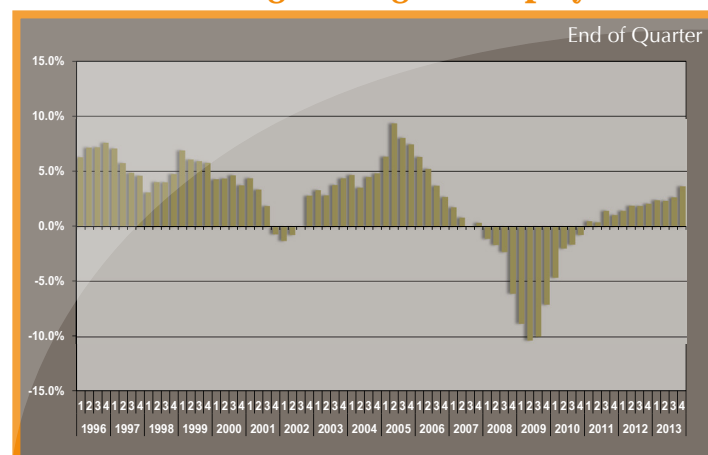
Annual Indicators ^[1]

Twelve Months Ended December 2013

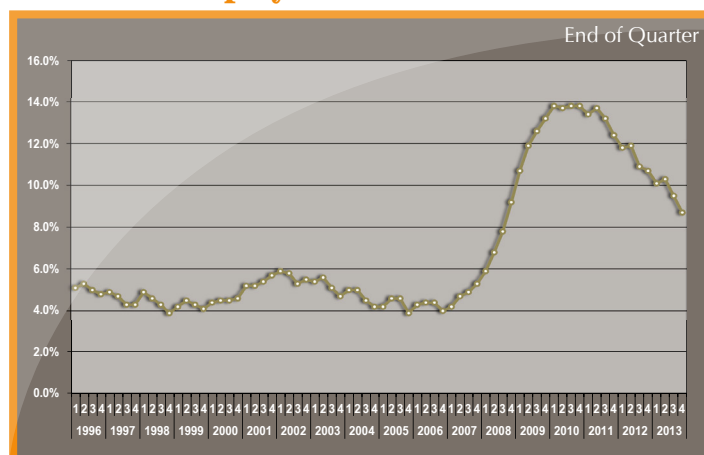
Current Quarter	Current Value	Prior Period			Prior Year		
		Value	Change	% Change	Value	Change	% Change
TOTAL LIST FILINGS [2]							
Corporations	129,721	129,544	177	0.1% ▲	130,400	(679)	-0.5% ▼
Limited Partnerships	12,827	13,042	(215)	-1.6% ▼	13,612	(785)	-5.8% ▼
Limited Liability Companies	152,883	150,144	2,739	1.8% ▲	142,497	10,386	7.3% ▲
Limited Liability Partnerships and Business Trusts	925	909	16	1.8% ▲	905	20	2.2% ▲
TOTAL	296,356	293,639	2,717	0.9% ▲	287,414	8,942	3.1% ▲
NEW FILINGS - DOMESTIC (NEVADA) ENTITIES [3]							
Corporations	16,009	16,263	(254)	-1.6% ▼	16,731	(722)	-4.3% ▼
Limited Partnerships	503	589	(86)	-14.6% ▼	702	(199)	-28.3% ▼
Limited Liability Companies	35,682	35,837	(155)	-0.4% ▼	35,054	628	1.8% ▲
Limited Liability Partnerships and Business Trusts	107	117	(10)	-8.5% ▼	118	(11)	-9.3% ▼
TOTAL	52,301	52,806	(505)	-1.0% ▼	52,605	(304)	-0.6% ▼
NEW FILINGS - FOREIGN (NON-NEVADA) ENTITIES [3]							
Corporations	1,840	1,820	20	1.1% ▲	1,955	(115)	-5.9% ▼
Limited Partnerships	79	81	(2)	-2.5% ▼	70	9	12.9% ▲
Limited Liability Companies	1,913	1,866	47	2.5% ▲	1,843	70	3.8% ▲
Limited Liability Partnerships and Business Trusts	27	23	4	17.4% ▲	19	8	42.1% ▲
TOTAL	3,859	3,790	69	1.8% ▲	3,887	(28)	-0.7% ▼
NEW FILINGS - TOTAL (DOMESTIC & FOREIGN) [3]							
Corporations	17,849	18,083	(234)	-1.3% ▼	18,686	(837)	-4.5% ▼
Limited Partnerships	582	670	(88)	-13.1% ▼	772	(190)	-24.6% ▼
Limited Liability Companies	37,595	37,703	(108)	-0.3% ▼	36,897	698	1.9% ▲
Limited Liability Partnerships and Business Trusts	134	140	(6)	-4.3% ▼	137	(3)	-2.2% ▼
TOTAL	56,160	56,596	(436)	-0.8% ▼	56,492	(332)	-0.6% ▼
KEY ECONOMIC INDICATORS							
Employment [4]	1,203,100	1,184,700	18,400	1.6% ▼	1,160,500	42,600	3.7% ▲
Unemployment [4]	8.7%	9.5%	-0.8%	- ▼	10.7%	-2.0%	- ▼
Initial Jobless Claims	190,395	203,635	(13,240)	-6.5% ▼	218,835	(28,440)	-13.0% ▼
Bankruptcies - Chapter 7 [5]	8,918	9,310	(392)	-4.2% ▼	11,423	(2,505)	-21.9% ▼
Bankruptcies - Chapter 11 [5]	194	204	(10)	-4.9% ▼	273	(79)	-28.9% ▼
Bankruptcies - Chapter 13 [5]	1,615	1,709	(94)	-5.5% ▼	2,400	(785)	-32.7% ▼

[1] Indicator values reflect twelve month quarterly totals, unless otherwise noted. [2] Includes annual, initial and amended lists. [3] New entity registration/qualification filings. [4] As of the end of the reporting period. [5] Current value is based on the trailing 12-months ending December 2013.

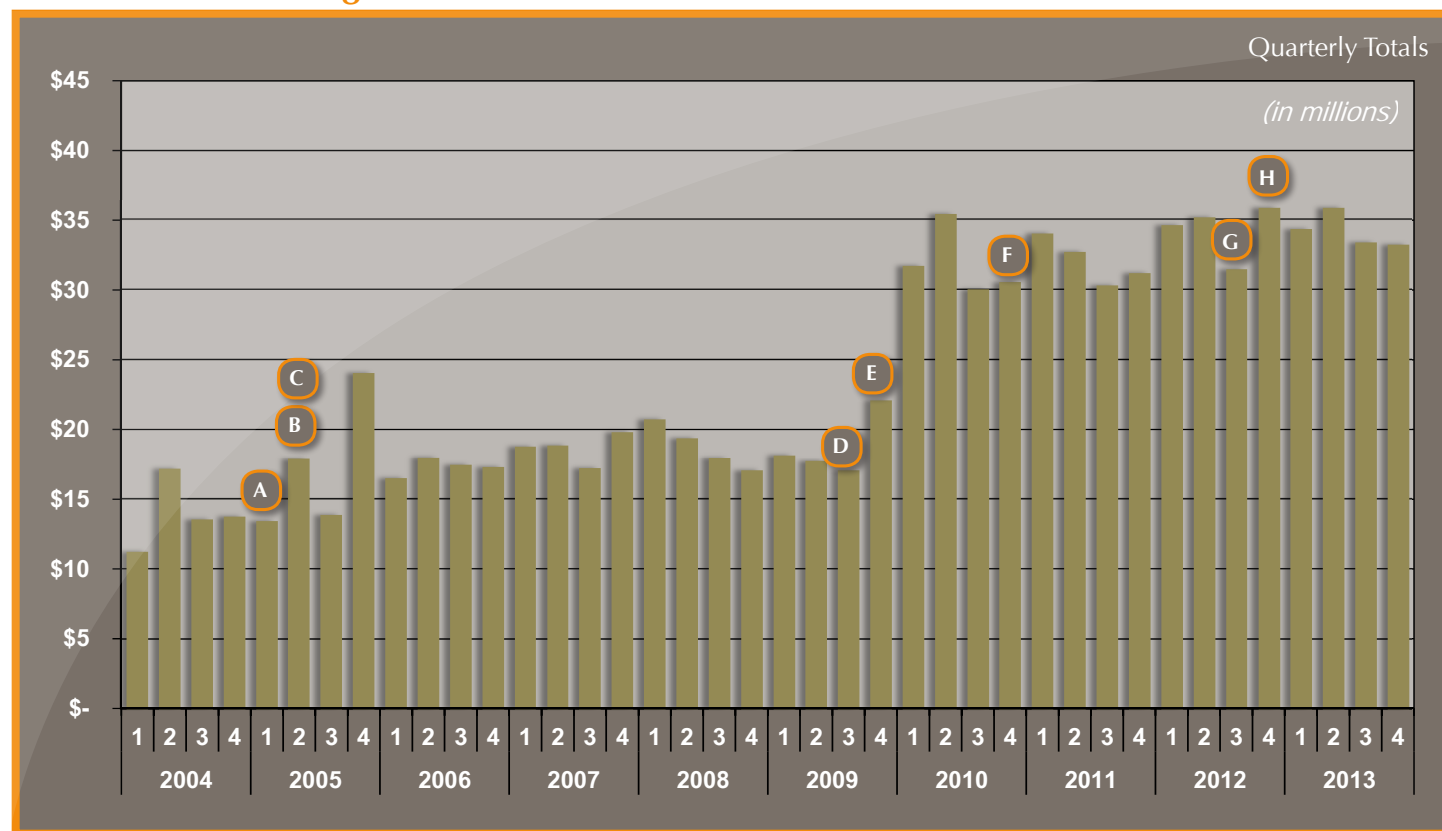
Annual Percentage Change in Employment



Nevada Unemployment Rate



Commercial Recordings Revenue



1991 – Major overhaul of Nevada business law, including the start of a business friendly environment (Delaware of the west), limited liability companies (LLCs) available in Nevada

1997 to 1998 – Implementation of floater division and changes in processes and staffing to reduce turnaround time from 8 to 10-plus weeks to 10 days or less

Q1 2001 – Height of filing increases preceding economic downturn and the events of September 11, 2001

October 1, 2001 – Fee increases in response to economic downturn, representing the first fee increases in 10 years; filing fees for articles rose from \$125 to \$175; initial lists increased from \$85 to \$165; and other fee increases were implemented

October 1, 2003 – Another significant fee change occurred: annual lists increased from \$85 to \$125 with a maximum of \$11,100 based on capitalization; new filings fee decreased from \$175 to \$75 and the maximum raised from \$25,000 to \$35,000 based on capitalization

- A January 29, 2005** – Implementation of e-SoS processing system for commercial recordings
- B April 2005** – Implementation of online services for initial, amended and annual lists
- C Q2 2005** – Peak of new filing increases
- D July 1, 2009** – Nevada state business license fee increased from \$100 to \$200 annually
- E October 1, 2009** – Nevada state business license authority transferred from the Department of Taxation to the Secretary of State of Nevada
- F December 2010** – Implementation of online articles services allowing customers to file new domestic corporations and limited liability companies (LLCs) online
- G August 2012** – Launch of Nevada's Business Portal, Silverflume
- H October 2012** – Launch of the Digital Operating Agreement



Nevada Secretary of State

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Ross Miller became the youngest Secretary of State in America and the youngest in Nevada history when he was elected in 2006. Unanimously selected by his peers to serve as President of the National Association of Secretaries of State for 2012, Ross' record of achievement since taking office reflects a true commitment to accountability and results. His accomplishments reflect a combination of enthusiasm for the job, and a vision for serving his constituents.



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Analyst's Assessment

“ By the end of 2013, employment in Nevada reported annual growth for the third year straight, rising by 42,600 jobs (+3.7 percent). The leisure and hospitality sector reported the most substantial growth, up by 12,000 jobs (+3.8 percent). The trade, transportation and utilities sector followed with the addition of 9,800 jobs, primarily due to growth in the retail trade sector (+6,600 jobs). Other sectors reporting significant growth during the period included professional and business services (+8,300 jobs), education and health services (+5,400 jobs), construction (+5,200 jobs), manufacturing (+1,400 jobs) and financial activities (+1,000 jobs).

Job growth in the state is continuing to drive down the unemployment rate, which was 8.7 percent by the end of the year. The rate is now down 2.0 percentage points from a year ago and has fallen 5.4 percentage points since the high of 14.1 percent reached in January 2011. Despite recent employment growth, new entity filings have been reporting mixed results. After witnessing two consecutive quarters of annual increases, new business filings fell 3.2 percent in the fourth quarter of 2013, suggesting the latest trends in employment are more attributable to the expansion of existing businesses rather than the creation of new ones.”

- **Jeremy Aguero**
Principal Analyst, Applied Analysis

Domestic (Nevada) Entities vs. Foreign (Non-Nevada) Entities – A domestic entity is an entity created pursuant to Nevada Law that may or may not have nexus in Nevada. Its formation documents are on file and a matter of public record in the office of the Secretary of State. A foreign entity is an entity created pursuant to the laws of a jurisdiction other than Nevada, which is qualified to do business in Nevada. Generally, most foreign entities have some sort of nexus in Nevada because they qualify so they may conduct business in Nevada.

Leading vs. Lagging Indicators – Generally, a lagging indicator is a measurable economic factor that changes after the economy has already begun to follow a particular trend or pattern. A leading indicator is a measurable economic factor that changes before the economy starts to follow a particular trend or pattern. Leading indicators can be used to predict changes in the economy. In this instance, new business entity filings provide directional insight into investments and business formation in the State of Nevada.

Information contained herein has been obtained from various sources deemed reliable. We have no reason to doubt its accuracy, but we do not guarantee it. **Applied Analysis** is a Nevada-based advisory services firm founded in 1997. We are an information and analysis resource for both the public and private sectors. Our team has extensive experience in economics, real estate, hospitality, gaming, information technology and finance. We apply this knowledge in an effort to develop creative solutions to our client's challenges. To put it simply, we are a solutions resource. Our firm is guided by our core values – integrity, diligence and dedication. Our future is branded by the success of our clients and the quality of our professionals. Our commitment lies therein.

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